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AND
BRIEF

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No. 16-712

In the Supreme Court of the United States

OIL STATES ENERGY SERVICES, LLC, PETITIONER

v.

GREENE'S ENERGY GROUP, LLC, ET AL.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF FOR THE FEDERAL RESPONDENT IN OPPOSITION

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QUESTIONS PRESENTED

1. Whether inter partes review comports with Article III and the Seventh Amendment.

2. Whether the Patent Trial and Appeal Board properly denied petitioner's motion to amend its patent during the inter partes review.

3. Whether the Patent Trial and Appeal Board correctly cancelled the disputed patent claims as anticipated by the prior art.

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OPINIONS BELOW

The order of the court of appeals (Pet. App. 1-2) is not published in the *Federal Reporter* but is reprinted at 639 Fed. Appx. 639. The decision of the Patent Trial and Appeal Board (Pet. App. 3-36) is not published in the *United States Patents Quarterly* but is available at 2015 WL 2089371.

JURISDICTION

The judgment of the court of appeals was entered on May 4, 2016. A petition for rehearing was denied on July 26, 2016 (Pet. App. 37-38). On October 14, 2016, the Chief Justice extended the time within which to file a petition for a writ of certiorari to and including November 23, 2016, and the petition was filed on that date. The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

STATEMENT

Respondent Greene's Energy Group petitioned the United States Patent and Trademark Office (USPTO) to institute an inter partes review of petitioner's patent. The USPTO granted the petition and, after a hearing, determined that the challenged claims were unpatentable and that petitioner had failed to show that its proposed substitute claims would be patentable. The court of appeals affirmed in an unpublished per curiam decision. Pet. App. 1-2.

1. "For several decades," Congress has provided administrative mechanisms for third parties to ask the USPTO to reconsider the patentability of the claims in an issued patent. *Cuozzo Speed Techs., LLC* v. *Lee*, 136 S. Ct. 2131, 2137 (2016). In 1980, Congress enacted the first statute authorizing ex parte reexamination. *Ibid.* (citation omitted); see Act of Dec. 12, 1980, Pub. L. No. 96-517, 94 Stat. 3015 (35 U.S.C. Ch. 30). The statute specified that the USPTO could grant a request for ex parte reexamination if the request raised "a substantial new question of patentability." 35 U.S.C. 303(a), 304. Upon granting a petition for ex parte reexamination, the USPTO would reconsider the patentability of the previously granted claims. See generally *Patlex Corp.* v. *Mossinghoff*, 758 F.2d 594, 604-605 (Fed. Cir.), modified on other grounds on reh'g, 771 F.2d 480 (Fed. Cir. 1985).

In 1999, Congress expanded the USPTO's authority to review the patentability of claims in issued patents by creating inter partes reexamination. 35 U.S.C. 311-318 (2000). Like ex parte reexamination, inter partes reexamination allowed a third party to petition the USPTO to reexamine the patentability of previously granted patent claims through an administrative

proceeding, which the USPTO could institute if the petitioner raised "a substantial new question of patentability." 35 U.S.C. 312(a), 313 (2000). Inter partes reexamination differed from ex parte reexamination, however, in that the third-party petitioner could participate in the inter partes reexamination proceeding and, after 2002, in any subsequent appeal. See *Cooper Techs. Co.* v. *Dudas*, 536 F.3d 1330, 1332 (Fed. Cir. 2008).

In 2011, Congress made further changes to the framework for post-issuance review as part of the Leahy-Smith America Invents Act (AIA), Pub. L. No. 112-29, 125 Stat. 284. Congress enacted the AIA to "establish a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs," in response to "a growing sense that questionable patents are too easily obtained and are too difficult to challenge." H.R. Rep. No. 98, 112th Cong., 1st Sess. Pt. 1, at 39-40 (2011).

For challenges to patentability brought within nine months after patent issuance, the AIA established a new procedure known as post-grant review. 35 U.S.C. 321(c). For challenges brought after that nine-month period, the AIA established inter partes review, which replaced inter partes reexamination. See *Cuozzo*, 136 S. Ct. at 2137. Inter partes review may be used to challenge patents based only on lack of novelty or obviousness. 35 U.S.C. 311(b). In general, any person other than the patent's owner may petition for inter partes review. 35 U.S.C. 311(a). After receiving any response from the patent owner, the Director of the USPTO may institute an inter partes review if she determines that "there is a reasonable likelihood that the petitioner would prevail" with respect to at least

one of its challenges to the validity of a patent, 35 U.S.C. 314(a), and no other provision of the AIA bars institution under the circumstances, see, *e.g.*, 35 U.S.C. 315(b) (inter partes review may not be instituted if the petitioner was sued for infringement of the disputed patent more than one year before the filing of the petition). The Director has delegated the responsibility for instituting inter partes reviews to the USPTO's Patent Trial and Appeal Board (Board). 37 C.F.R. 42.4(a).

Under the AIA, both parties in an inter partes review proceeding are entitled to take limited discovery, 35 U.S.C. 316(a)(5); to file affidavits and declarations, 35 U.S.C. 316(a)(8); to request an oral hearing, 35 U.S.C. 316(a)(10); and to file written memoranda, 35 U.S.C. 316(a)(8). The patent owner in an inter partes review "may file 1 motion to amend the patent." 35 U.S.C. 316(d); see *Cuozzo*, 136 S. Ct. at 2145 (the patent owner "may, at least once in the process, make a motion to * * * amend or narrow the claim").

Congress also authorized the USPTO to issue regulations elaborating on the inter partes review procedures, including, as relevant here, regulations that establish "standards and procedures for allowing the patent owner to move to amend the patent" during an inter partes review. 35 U.S.C. 316(a)(9). The USPTO's regulations require, *inter alia*, that a proposed amendment must "respond to a ground of unpatentability" at issue in the inter partes review, and that a motion to amend must set forth the "support in the original disclosure of the patent for each" proposed substitute claim. 37 C.F.R. 42.121(a)(2)(i) and (b)(1) (2014). USPTO regulations and adjudicative decisions further specify that the patent owner bears the bur-

den of establishing that it is entitled to the amendment, thereby requiring the patent owner to show that "its substitute claims are patentable over the prior art of record," *Microsoft Corp.* v. *Proxyconn, Inc.*, 789 F.3d 1292, 1307 (Fed. Cir. 2015) (relying on 37 C.F.R. 42.20(c) and *Idle Free Sys., Inc.* v. *Bergstrom, Inc.*, IPR2012-00027, 2013 WL 5947697, at *4 (P.T.A.B. June 11, 2013)).

Unless an inter partes review is dismissed, the Board "shall issue a final written decision" addressing the patentability of the claims at issue in the instituted proceeding. 35 U.S.C. 318(a). The Board may issue its final written decision "even after the adverse party has settled." *Cuozzo*, 136 S. Ct. at 2144 (citing 35 U.S.C. 317(a)). The Board's decision may then be appealed to the Federal Circuit. 35 U.S.C. 141, 319.

After the Board issues its decision and any appeals are exhausted, the USPTO issues a "certificate" cancelling any claims of the patent that were deemed unpatentable, confirming any claims of the patent that were deemed patentable, and "incorporating in the patent by operation of the certificate any new or amended claim determined to be patentable." 35 U.S.C. 318(b).

2. a. Petitioner owns U.S. Patent No. 6,179,053 (the '053 patent), which relates to an apparatus and method for protecting wellheads during hydraulic fracturing, commonly known as fracking. Pet. App. 4-9. In 2012, petitioner filed an infringement suit against respondent in the United States District Court for the Eastern District of Texas, alleging infringement of the '053 patent. 12-CV-611 Compl. ¶¶ 27-35. Less than one year later, respondent filed a petition seeking inter partes review of two claims in the patent. 2015 WL

2089371, at *10. The Board granted the petition, conducted an inter partes review, and found the challenged patent claims unpatentable under 35 U.S.C. 102 as anticipated by the prior art. 2015 WL 2089371, at *16.

In its final written decision, the Board construed the disputed terms of the challenged patent "by applying the broadest reasonable interpretation, in light of the specification." Pet. App. 11; see 37 C.F.R. 42.100(b) (2015); see also *Cuozzo*, 136 S. Ct. at 2144-2145 (affirming the Board's use of the broadest-reasonable-construction standard). The Board concluded that, so construed, the two challenged claims were anticipated by prior art disclosed in a Canadian patent application that had claimed a similar method for protecting wellheads during fracking. Pet. App. 23. The Board concluded that this prior art disclosed every element of the challenged claims, *ibid.*, and enabled one skilled in the art to make the invention, *id.* at 26.

The Board denied petitioner's motion to amend the disputed patent claims. Pet. App. 36. The Board concluded that petitioner had failed to "satisf[y] its burden of showing written description support for the proposed substitute claims." *Id.* at 34; see *id.* at 32-34; see also 37 C.F.R. 42.121(b) (2014). The Board explained that petitioner had instead relied on a chart containing "only string citations with no discussion of how the cited disclosures pertain to the additional claim language," Pet. App. 32, and that these string citations did not "explain how the original disclosure of the application relied upon reasonably conveys to a person the features intended to be encompassed by the proposed substitute claims," *id.* at 33. The Board found that petitioner's "conclusory discussion" of the support for its proposed substitute claims did not

satisfy its burden of showing written claim support. *Ibid.*

The Board concluded that petitioner had also failed to offer a construction of its proposed substitute claims that was "sufficient to support the distinction of the proposed substitute claim[s] over the prior art." Pet. App. 34. The Board explained that, because petitioner had not provided an adequate construction of two key terms in its proposed substitute claims, petitioner had failed to satisfy its burden of showing that its proposed new claims were patentable over the prior art. *Id.* at 35-36.

b. Petitioner appealed to the Federal Circuit, challenging the Board's patentability determination and its denial of the motion to amend. Petitioner also contended for the first time that inter partes review violates Article III and the Seventh Amendment, but acknowledged that *MCM Portfolio LLC* v. *Hewlett-Packard Co.*, 812 F.3d 1284 (Fed. Cir. 2015), cert. denied, 137 S. Ct. 292 (2016), foreclosed that argument. The Federal Circuit affirmed the Board's decision in an unpublished per curiam order. Pet. App. 1-2.

ARGUMENT

Petitioner contends that inter partes review violates Article III and the Seventh Amendment. Petitioner's challenge lacks merit, and this Court has denied three recent petitions pressing comparable claims. See *MCM Portfolio LLC* v. *Hewlett-Packard Co.*, 137 S. Ct. 292 (2016) (No. 15-1330); *Cooper* v. *Lee*, 137 S. Ct. 291 (2016) (No. 15-955); *Cooper* v. *Square, Inc.*, 137 S. Ct. 475 (2016) (No. 16-76). Petitioner also challenges the denial of its request to amend its patent claims and the Board's cancellation of its patent

claims. Those challenges lack merit and do not raise any question warranting this Court's review.

1. a. Article III provides that the "judicial Power of the United States, shall be vested in one supreme Court, and in such inferior Courts as the Congress may from time to time ordain and establish." U.S. Const. Art. III, § 1. "[I]n general," this provision prevents Congress from withdrawing from Article III courts any matter involving the exercise of judicial power. *Stern* v. *Marshall*, 564 U.S. 462, 484 (2011). This Court, however, has recognized qualifications to that general rule. One such qualification authorizes Congress to designate public rights for adjudication in non-Article III tribunals. See, *e.g.*, *Murray's Lessee* v. *Hoboken Land & Improvement Co.*, 59 U.S. (18 How.) 272, 284 (1856); *Thomas* v. *Union Carbide Agric. Prods. Co.*, 473 U.S. 568, 587 (1985).

Most critically, "what makes a right 'public' rather than private is that the right is integrally related to particular Federal Government action." *Stern*, 564 U.S. at 490-491. Where Congress has acted "for a valid legislative purpose pursuant to its constitutional powers under Article I," it may delegate even a "seemingly private right" to non-Article III courts if the right "is so closely integrated into a public regulatory scheme as to be a matter appropriate for agency resolution." *Granfinanciera, S. A.* v. *Nordberg*, 492 U.S. 33, 54 (1989) (citation and internal quotation marks omitted). The federal government need not be a party to the agency adjudication. A dispute between private parties may implicate public rights if "the claim at issue derives from a federal regulatory scheme," or if "resolution of the claim by an expert Government agency is deemed essential to a limited

regulatory objective within the agency's authority." *Stern*, 564 U.S. at 490.

Patents are quintessential public rights. Pursuant to its constitutional authority to "promote the Progress of Science and useful Arts" by establishing a patent system, U.S. Const. Art. I, § 8, Cl. 8, Congress created the USPTO, an agency with "special expertise in evaluating patent applications." *Kappos* v. *Hyatt*, 566 U.S. 431, 445 (2012). Congress directed that agency to issue a patent if "it appears that the applicant is entitled to a patent" under standards set by federal law, 35 U.S.C. 131. Patents accordingly confer rights that "exist only by virtue of statute." *Sears, Roebuck & Co.* v. *Stiffel Co.*, 376 U.S. 225, 229 n.5 (1964).

Inter partes review exemplifies the sort of mechanism that Congress may create to administer a public-right scheme. Petitioner does not dispute that Congress may task the USPTO with examining patent applications and issuing patents in the first instance, and the "basic purpose[]" of inter partes review is simply "to reexamine [that] earlier agency decision," *Cuozzo Speed Techs., LLC* v. *Lee*, 136 S. Ct. 2131, 2144 (2016). The process "helps protect the public's 'paramount interest in seeing that patent monopolies . . . are kept within their legitimate scope.'" *Ibid.* (quoting *Precision Instrument Mfg. Co.* v. *Automotive Maint. Mach. Co.*, 324 U.S. 806, 816 (1945)). A procedure that gives the expert agency charged with allocating patent rights "a second look at an earlier administrative grant of a patent," *ibid.*, is "integrally related" to the public-right scheme of patent issuance, *Stern*, 564 U.S. at 490. Because "patent rights are public rights" that are "derive[d] from an extensive federal regulatory scheme," this Court's decisions "compel the con-

clusion that assigning review of patent validity to the [USPTO] is consistent with Article III." *MCM Portfolio LLC* v. *Hewlett-Packard Co.*, 812 F.3d 1284, 1290, 1291, 1293 (Fed. Cir. 2015) (citation omitted), cert. denied, 137 S. Ct. 292 (2016).

Petitioner contends (Pet. 18) that inter partes reviews must be adjudicated in Article III courts because patent rights "stem[] from the common law." That is incorrect. Unlike common law rights, see, *e.g.*, *Black's Law Dictionary* 334-335 (10th ed. 2014), patent rights "exist only by virtue of statute," *Stiffel*, 376 U.S. at 229 n.5 (citation omitted). "The [patent] monopoly did not exist at common law, and the rights, therefore, which may be exercised under it cannot be regulated by the rules of the common law." *Gayler* v. *Wilder*, 51 U.S. (10 How.) 477, 494 (1851). Rather, the patent monopoly "is created by the act of Congress; and no rights can be acquired in it unless authorized by statute, and in the manner the statute prescribes." *Ibid.*; see *Crown Die & Tool Co.* v. *Nye Tool & Mach. Works*, 261 U.S. 24, 36 (1923) (stating that, in issuing a patent, "[t]he Government is not granting the common law right to make, use and vend" an invention, but rather is granting the statutory right to exclude others from the invention). Because the USPTO possesses statutory authority to grant or deny patents in the first instance, based on the patentability criteria enunciated by Congress, "[i]t would be odd indeed if Congress could not authorize the [USPTO] to reconsider its own decisions." *MCM Portfolio*, 812 F.3d at 1291.

Petitioner all but ignores this Court's modern public-rights jurisprudence and, like the petitioner in *MCM Portfolio*, relies instead (Pet. 17) on 19th century

decisions predating the advent of post-issuance patent review. In neither *McCormick Harvesting Machine Co.* v. *Aultman*, 169 U.S. 606 (1898), nor *Iron Silver Mining Co.* v. *Campbell*, 135 U.S. 286 (1890), however, did this Court base its decision on Article III. *McCormick Harvesting Machine* held only that the Patent Act in its then-current form provided no basis for cancelling an original patent based on the rejection of a later reissue application. See 169 U.S. at 610 (explaining that, under the statute, "until the amended patent shall have been issued the original stands precisely as if a reissue had never been applied for and must be returned to the owner upon demand") (internal citation omitted). In *Iron Silver Mining*, the Court held that, in light of "the purpose of Congress," the land-patent statutes did not require a party who had obtained a land patent to defend that patent against adverse claimants in an administrative proceeding. See 135 U.S. at 301 (explaining that the statutory provisions at issue were not "intended to apply to the case of a party who has a prior patent for the land which may be the subject of controversy before the register and receiver of the land-office"). Both *McCormick Harvesting Machine* and *Iron Silver Mining* reflect the fact that, in the 19th century, Congress had not authorized the USPTO or any other administrative body to reconsider the validity of previously issued patents. Congress has since provided the statutory authority that was previously lacking, and neither *McCormick Harvesting Machine* nor *Iron Silver Mining* casts doubt on the constitutionality of that authorization.

"For several decades," *Cuozzo*, 136 S. Ct. at 2137, the USPTO has engaged in post-issuance review of

patents to "remedy defective governmental * * * action" and "if need be to remove patents that should never have been granted," *Patlex Corp.* v. *Mossinghoff*, 758 F.2d 594, 604 (Fed. Cir.), modified on other grounds on reh'g, 771 F.2d 480 (Fed. Cir. 1985); see *Joy Techs., Inc.* v. *Manbeck*, 959 F.2d 226, 229 (Fed. Cir.), cert. denied, 506 U.S. 829 (1992).[1] Numerous other statutes contain similar provisions that allow agencies to correct their own errors, including by recovering erroneous disbursements of money to private parties. See, *e.g.*, 5 U.S.C. 8470 (authorizing the Executive Branch to recover overpayments of federal employee benefits); 38 U.S.C. 5302 (authorizing the Executive Branch to recover veterans' benefits overpayments); 42 U.S.C. 404 (authorizing the Executive Branch to recover Social Security overpayments).

b. Petitioner's Seventh Amendment argument (Pet. 12-19) adds nothing to its Article III challenge. The Seventh Amendment provides in pertinent part that, "[i]n Suits at common law, where the value in

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[1] Petitioner attempts to distinguish inter partes review from ex parte reexamination on the ground that inter partes review is "adjudicatory in nature." Pet. 17 n.6. But this Court in *Cuozzo* rejected the suggestion that inter partes review proceedings differ from other post-issuance review proceedings due to their "adjudicatory characteristics." 136 S. Ct. at 2143. The Court explained that, "[a]lthough Congress changed the name from 'reexamination' to 'review,'" Congress sought to preserve the procedure's "basic purposes, namely, to reexamine an earlier agency decision." *Id.* at 2144. In any event, the authority of administrative agencies to determine public rights through "quasi-adjudicative" rather than examinational proceedings is well-settled. *Thomas*, 473 U.S. at 587. Given that Congress may permissibly authorize the USPTO to conduct post-issuance patent review, nothing prevents Congress from granting the parties to the proceeding the sorts of procedural safeguards that normally attend judicial proceedings.

controversy shall exceed twenty dollars, the right of trial by jury shall be preserved." U.S. Const. Amend. VII. That provision guarantees the right to a jury trial only of claims that are adjudicated in Article III courts. Thus, "if the action must be tried under the auspices of an Article III court, then the Seventh Amendment affords the parties a right to a jury trial whenever the cause of action is legal in nature." *Granfinanciera*, 492 U.S. at 53. In contrast, if Congress has permissibly assigned "the adjudication of a statutory cause of action to a non-Article III tribunal, then the Seventh Amendment poses no independent bar to the adjudication of that action by a nonjury factfinder." *Id.* at 53-54; see *id.* at 55 n.10 ("Congress may decline to provide jury trials" where the action involves "statutory rights that are integral parts of a public regulatory scheme and whose adjudication Congress has assigned to an administrative agency"); *Tull* v. *United States*, 481 U.S. 412, 418 n.4 (1987) ("[T]he Seventh Amendment is not applicable to administrative proceedings."); *Atlas Roofing Co.* v. *Occupational Safety & Health Review Comm'n*, 430 U.S. 442, 455 (1977) ("[W]hen Congress creates new statutory 'public rights,' it may assign their adjudication to an administrative agency with which a jury trial would be incompatible, without violating the Seventh Amendment[]."); *Pernell* v. *Southall Realty*, 416 U.S. 363, 383 (1974) ("[T]he Seventh Amendment is generally inapplicable in administrative proceedings."); *Block* v. *Hirsh*, 256 U.S. 135, 158 (1921).

Petitioner argues (Pet. 20-21) that litigants in patent disputes are generally entitled to a jury trial, and that such disputes therefore must be tried in Article III courts. That argument gets the inquiry back-

wards. Where Congress has assigned a cause of action to an administrative tribunal, a court must first ask whether that assignment is constitutional under Article III. If the administrative scheme comports with Article III, the Seventh Amendment "poses no independent bar." *Granfinanciera*, 492 U.S. at 54. Only where Article III compels Congress to assign adjudication of particular claims to federal courts, or where Congress chooses to do so, does the Seventh Amendment guarantee the parties "a right to a jury trial whenever the cause of action is legal in nature." *Id.* at 53.

This Court's decision in *Pernell*, *supra*, illustrates that principle. *Pernell* involved a Seventh Amendment challenge to a statute that established a cause of action for parties to recover certain real property through a judicial proceeding. This Court held that the Seventh Amendment entitled the parties to a jury trial because the statute "encompasses rights and remedies which were enforced, at common law, through trial by jury." 416 U.S. at 381. The Court recognized, however, that "the Seventh Amendment would not be a bar to" entrusting those same disputes "to an administrative agency" rather than a court. *Id.* at 383. Only because Congress had directed that the disputes "be brought as ordinary civil actions" was Congress required to "preserve to parties their right to a jury trial." *Ibid.*; see *Atlas Roofing*, 430 U.S. at 455 (stating that the Seventh Amendment does not prevent Congress "from committing some new types of litigation to administrative agencies with special competence in the relevant field * * * even if the Seventh Amendment would have required a jury

where the adjudication of those rights is assigned to a federal court of law").

Relying on that principle, the Federal Circuit in *MCM Portfolio* rejected the Seventh Amendment argument that petitioner presses here. The court explained that, "[b]ecause patent rights are public rights, and their validity susceptible to review by an administrative agency, the Seventh Amendment poses no barrier to agency adjudication without a jury." 812 F.3d at 1293. The patent owner in *MCM Portfolio* challenged that conclusion in its petition for a writ of certiorari, but this Court denied review.

In any event, inter partes review would not violate the Seventh Amendment even if, as petitioner suggests (Pet. 12-13), the application of the jury-trial right to patent claims depended solely on whether the claims were historically tried before juries. The Seventh Amendment preserves a jury-trial right only in suits "in which legal rights [a]re to be ascertained and determined, in contradistinction to those where equitable rights alone [a]re recognized, and equitable remedies [a]re administered." *Feltner* v. *Columbia Pictures Television, Inc.*, 523 U.S. 340, 348 (1998) (citation and emphasis omitted). Consistent with that principle, the jury-trial right has traditionally attached in patent disputes only where "damages are sought." Pet. 13. Inter partes review provides no right to monetary damages; it affords only the equitable relief of cancellation of a patent. Claims for annulment or cancellation of a patent—as distinct from claims of patent infringement seeking damages—were traditionally brought before courts of equity, not resolved by juries. See *Mowry* v. *Whitney*, 81 U.S. (14 Wall.) 434, 440 (1872); Mark A. Lemley, *Why Do Ju-*

ries Decide If Patents Are Valid?, 99 Va. L. Rev. 1673, 1684 (2013) ("[I]n England in the eighteenth century, only chancery courts had the power to revoke a patent upon request of a private citizen.").

c. Petitioner's constitutional arguments do not warrant this Court's review. Petitioner identifies no disagreement concerning methods of identifying or adjudicating public rights or concerning any of the Article III or Seventh Amendment principles relevant to this case. The USPTO's authority to "reexamine—and perhaps cancel—a patent claim that it has previously allowed" has been settled under circuit precedent for decades in decisions that have never been called into question by this Court. *Cuozzo*, 136 S. Ct. at 2137. This Court has denied three previous certiorari petitions raising Article III and Seventh Amendment challenges to the inter partes review mechanism, see *MCM Portfolio* v. *Hewlett-Packard*, *supra* (Seventh Amendment and Article III); *Cooper* v. *Lee*, *supra* (Article III); *Cooper* v. *Square*, *supra* (Article III), and there is no reason for a different result here.[2]

2. Petitioner contends (Pet. 19-26) that the USPTO procedures governing amendment of patent claims during inter partes review are inconsistent with *Cuozzo* and the governing statute. Petitioner is mistaken.

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[2] Two en banc petitions currently pending in the Federal Circuit also argue that inter partes review violates Article III and the Seventh Amendment. See *Cascades Projection LLC* v. *Epson Am. Inc.*, No. 17-1517 (filed Feb. 15, 2017); *Security People, Inc.* v. *Lee*, No. 16-2378 (filed Mar. 23, 2016). The court of appeals invited the government to respond to the en banc petition in *Security People*, and the government filed its response on April 24, 2017. See 16-2378 Docket entry Nos. 37, 38.

Congress has authorized the USPTO to "set[] forth standards and procedures for allowing the patent owner to move to amend the patent." 35 U.S.C. 316(a)(9); see *Cuozzo*, 136 S. Ct. at 2144. The USPTO exercised that authority by directing that a motion to amend claims must "set forth * * * [t]he support in the original disclosure of the patent for each" substitute claim. 37 C.F.R. 42.121(b)(1) (2014). The USPTO has further required that a patent owner filing an amended claim must show a patentable distinction of each substitute claim over the prior art. See 35 U.S.C. 318 (explaining that the Director of the USPTO shall incorporate only amended claims "determined to be patentable"); 37 C.F.R. 42.20(c) (providing that a party filing a motion before the Board "has the burden of proof to establish that it is entitled to the requested relief"); see also *Microsoft Corp.* v. *Proxyconn, Inc.*, 789 F.3d 1292, 1307 (Fed. Cir. 2015) ("The Board has reasonably interpreted these provisions as requiring the patentee to show that its substitute claims are patentable over the prior art of record, at least in the circumstances in this case."). The Board rejected petitioner's motion to amend because petitioner did not satisfy either of these requirements. Pet. App. 32-35.

Petitioner's challenges to the USPTO's amendment procedures lack merit. Petitioner faults the agency (Pet. 20) for "adopt[ing] regulations and interpretations that impose requirements beyond what Congress established for amendments," but Congress vested the USPTO with broad authority to "set[] forth standards and procedures for allowing the patent owner to move to amend the patent," 35 U.S.C. 316(a)(9); see *Cuozzo*, 136 S. Ct. at 2144. Petitioner also suggests (Pet. 24-

25) that the USPTO's rules are inconsistent with *Cuozzo* because the "broadest reasonable interpretation" method of claim construction that the *Cuozzo* Court upheld is appropriate only if patent holders have "a meaningful opportunity to amend." Pet. 24. But the fact that petitioner's particular amendment application was denied does not necessarily mean that patent owners lack a meaningful opportunity to amend their claims during inter partes review. See *Cuozzo*, 136 S. Ct. at 2145 (noting that amendments might be rarely granted simply because "no amendment could save the inventions at issue" because "the patent[s] should have never issued at all").

Petitioner is also wrong in suggesting (Pet. 20-21) that the Board went "outside of the regulations" and "*sua sponte* reject[ed] amended claims based on issues and arguments never suggested before the final hearing" when it rejected petitioner's motion to amend its claims. The Board simply found that petitioner did not satisfy requirements on which it bore the burden of proof under the Board's amendment procedures. In particular, the Board found that petitioner had not satisfied the requirement that a patent holder "set forth '[t]he support in the original disclosure of the patent for each claim that is added or amended,'" see 37 C.F.R. 42.121(b)(1) (2014), because petitioner had "provided virtually no discussion of the support for its proposed substitute claims in its Motion to Amend" and instead had relied on a chart that "contain[ed] only string citations with no discussion of how the cited disclosures pertain to the additional claim language," Pet. App. 32; see *id.* at 32-33. The Board also found, as an independently sufficient ground for denial, that petitioner had failed to show a

patentable distinction of its substitute claims over the prior art. *Id.* at 34-36; see 35 U.S.C. 318; 37 C.F.R. 42.20(c); see also *Idle Free Sys., Inc.* v. *Bergstrom, Inc.*, IPR2012-00027, 2013 WL 5947697, at *4 (P.T.A.B. June 11, 2013) (explaining that the Board's regulations require the patent owner "to show patentable distinction [of the substitute claims] over the prior art of record"); see also *Proxyconn*, 789 F.3d at 1307 (explaining the same requirement).

Petitioner asserts (Pet. 22-23) that the Board erred in assigning petitioner the burden of proof to establish that its proposed amended claims were patentable. Petitioner conceded below "that the patent owner bears the burden of explaining what the proposed [amended] claim encompasses, and how it differs from the prior art," Pet. C.A. Reply Br. 27 (internal quotation marks omitted), and it is unclear what additional requirement petitioner believes that the Board erroneously imposed.

In any event, petitioner's argument lacks merit. As noted above, USPTO regulations require the patent owner to establish the patentability of proposed substitute claims. "[T]he very nature of" inter partes review makes that approach appropriate. *Proxyconn*, 789 F.3d at 1307. Unlike the initial patent examination process—when any amended claims must undergo subsequent examination for patentability—amended claims in an inter partes review "are not subject to further examination" but rather become operable against the public as soon as the USPTO's certificate issues. *Ibid.* If the patent owner during an inter partes review "were not required to establish patentability of substitute claims over the prior art of record," an amended patent could issue even if the claim

was unpatentable. *Ibid.* That risk is particularly high because the party that initially sought inter partes review may lack an incentive "to challenge the patentability of substitute claims if, for example, the amendments narrowed the claims such that the [adversary] no longer faces a risk of infringement." *Ibid.* Allowing a patent owner to amend its claims without establishing patentability would thus "defeat Congress's purpose in creating" inter partes review as a means to "improve patent quality." *Id.* at 1308 (citation omitted).[3]

3. Petitioner also disputes (Pet. 26-32) the court of appeals' construction of certain disputed patent claims. Those arguments lack merit. In the decision that the court of appeals affirmed, the Board appropriately gave the challenged patent claims their broadest reasonable interpretation and concluded that those claims were anticipated by the prior art. Like the district court in the original infringement proceedings, see Pet. App. 17 n.4, the Board rejected petitioner's argument (Pet. 30) that the terms "lockdown mechanism" and "setting tool" cannot refer to the same apparatus. The Board noted that the "term 'setting tool' does not occur in any claim" of the '053

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[3] The Federal Circuit has granted rehearing en banc to consider whether the USPTO may "require the patent owner" in an inter partes review "to bear the burden of persuasion, or a burden of production, regarding patentability of the amended claims." *In re Aqua Prods., Inc.*, 833 F.3d 1335, 1336 (2016) (per curiam) (argued Dec. 9, 2016). *Aqua Products* would be a superior vehicle for considering these questions because petitioner did not clearly raise its current burden-of-proof challenge in the Federal Circuit, and the Federal Circuit did not pass on this issue in petitioner's case. This Court may wish to hold the petition in this case pending the Federal Circuit's decision in *Aqua Products*.

patent, and it declined to "import limitations from a preferred embodiment into the claim." Pet. App. 18. It also rejected petitioner's argument (Pet. 31) that the term "lockdown mechanism" could not cover "a tool that relied exclusively on hydraulic pressure." The Board deemed this construction "untenable in light of the manner in which the term is used in the claims," and it cited examples in which the term "lockdown mechanism" as used in the claims *does* contemplate the use of hydraulic pressure. Pet. App. 14-15.

None of those case-specific determinations presents a question of general importance warranting this Court's review. This case would be a particularly unsuitable vehicle for reviewing the claim-construction practices of the Board and the court of appeals, moreover, because the court did not issue an opinion but instead affirmed the Board's decision through a per curiam order. Pet. App. 1-2; see *Cutter* v. *Wilkinson*, 544 U.S. 709, 718 n.7 (2005) (explaining that this Court is "a court of review, not of first view").

CONCLUSION

The petition for a writ of certiorari should be denied. In the alternative, the petition for a writ of certiorari should be held pending the court of appeals' decision in *In re Aqua Products, Inc.*, 833 F.3d 1335, 1336 (Fed. Cir. 2016) (per curiam) (argued en banc Dec. 9, 2016), and then disposed of as appropriate in light of that decision.

Respectfully submitted.

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